

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 /038 W

----- 090575

R 281453Z MAY 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 1953

INFO AMCONSUL CAPE TOWN

AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EAIR, SF

SUBJ: CIVAIR: AIRLINE COMMISSION RATE DISPUTE

REF: STATE 120937

1. WE PROVIDED TEXT JOINT US-UK STATEMENT TO DU TOIT, DIRECTOR OF CIVIL AVIATION, ON MAY 28 FOLLOWING DISCUSSION OF ISSUES EARLIER IN DAY WITH PAN AM REP VON AHLEFELD.

2. AHLEFELD HAD EARLIER BROUGHT TO OUR ATTENTION DIRECTIVE FROM SA MINISTER TRANSPORT DATED MAY 13 ADDRESSED TO SA AIRLINES (THROUGH GENERAL MANAGER SA RAILWAYS WHICH CONTROLS SAA) TO EFFECT THAT COMMISSIONS TO TRAVEL AGENTS WOULD BE 7 1/2 PERCENT ON ALL SALES IN SA AND SWA, WITH EFFECT FROM MAY 1, AND FURTHER SPECIFYING THAT THIS RATE WOULD APPLY TO OTHER AIRLINES SERVING SOUTH AFRICA. SAA IN TURN HAD TRANSMITTED THIS DIRECTIVE TO PAN AM. DIRECTIVE ALSO SPECIFIED RATES OF COMMISSION ON INCLUSIVE TOUR TRAFFIC WILL REMAIN UNCHANGED AND PROVISIONS OF RESOLUTION 810A-USA-SECTION J, RES 810A-EXCEPT USA-SECTION L AND RES 810E SECTION N TO ADVERTISERS, ETC, WILL BE REINSTATED WITH EFFECT FROM MAY 1.

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3. PAN AM NOT YET DECIDED ON WHETHER TO CHALLENGE RULING OR NOT. ONE KEY ISSUE IS WHETHER DIRECTIVE BASED ON COMMERCIAL OR LEGAL CONSIDERATIONS. DIRECTIVE ITSELF MERELY CITES IATA RULINGS. PAN AM LOCAL LEGAL COUNSEL HAD EARLIER HELD THE DIRECTIVE BINDING, BUT THIS WAS BEFORE UK COMMERCIAL COURT DECISION.

4. IN ATTEMPTING TO SMOKE OUT THIS QUESTION WITH DU TOIT, LATTER PROFESSED TO US NOT TO HAVE SEEN MIN TRANSPORT RULING AND IN FACT WANTED COPY OF DIRECTIVE FOR HIS FILES. HE THEN TRACED CHAIN COMMAND FROM MINISTER TRANSPORT TO SA RAILWAYS TO SA AIRLINES, NOTING LAST WAS MEMBER IATA IN ITS OWN RIGHT BUT DID NOT CLAIM ANY LEGAL BASIS FOR RULING. DU TOIT WAS FORMALLY NON-COMMITTAL ON PAN AM ACTION ALTHOUGH HE OBVIOUSLY DID NOT THINK TOO MUCH OF IT.

5. IN RELAYING GIST OUR CONSERVATION WITH DU TOIT TO VON AHLEFELD, BE SAID HIS LONDON OFFICE HAD NOW INSTRUCTED HIM TO HAVE HIS LOCAL LAWYER WRITE TO SA AUTHORITIES INQUIRING ABOUT LEGAL BASIS FOR RULING. VON AHLEFELD ALSO SAID THAT IN PAN AM VIEW, IATA COMMISSION RULINGS NO LONGER VALID AFTER MAY 1 AND IT WAS NOW "OPEN SEASON." HOWEVER, PAN AM STILL HOPED SOLUTION COULD EMERGE AND THAT IT WOULD WORK FOR A MUTUALLY SATISFACTORY ARRANGEMENT.

6. ONE RESTRAINING FACTOR ON PAN AM IN SOUTH AFRICA, VON AHLEFELD HAD TOLD US EARLIER, WAS PROSPECT MAJOR AIR CARGO MOVEMENT FRANKFURT TO JOHANNESBURG VALUED AT ABOUT TWO MILLION DOLLARS (STARTING IN NOVEMBER) WHICH WOULD REQUIRE SAG AUTHORITY FOR A NUMBER OF CHARTER FLIGHTS. HE DID NOT WISH TO RISK REFUSAL BY TOO HARSH A STAND ON THE COMMISSIONS ISSUE.  
BOWDLER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Concepts:** CIVIL AVIATION, INCENTIVE WAGE SYSTEMS, NEGOTIATIONS, AIR FARES, AVIATION AGREEMENTS, AIRLINES  
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